THE LUMBER DAILY

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Sawmill Build-Out Edition
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MARKET PULSE | Lumber $588 | WTI $92 (+6%) | Diesel $5.52 | S&P 7,600 | 10yr 4.46%

TOP STORIES

Canfor Sells Shuttered Fort St. John Sawmill to an Alberta Salvage Firm, Closing the Book on a Northern BC Mill

Canfor confirmed on Friday, May 29, that it has sold the sawmill, planer, pellet plant, and energy systems at its idled Fort St. John, British Columbia (BC) operation to Rocky Mountain Salvage, an Alberta-based scrap-metal and recycling company with interests in Hinton and Edson. Financial terms were not disclosed. The buyer is not a forest-products operator; Canfor said it understands the new owner wants to repurpose the site and return some economic value to the region. The Fort St. John mill was announced for closure in September 2024 alongside a Chetwynd facility, eliminating 220 jobs as Canfor pulled back from northern BC amid weak markets, high stumpage, and constrained fibre. The sale converts a mothballed mill into a salvage-and-redevelopment site rather than a restart, permanently removing the production from the regional supply base.

April Construction Spending Rises 0.4%; Single-Family Put-in-Place Climbs 1.4% Even as Sales and Starts Cooled

U.S. construction spending rose 0.4% in April to a seasonally adjusted annual rate (SAAR) of $2,172.4 billion, the U.S. Census Bureau reported Monday, June 1, ahead of the 0.2% gain economists expected and 0.9% above the April 2025 level. Private construction also rose 0.4%, with residential up 0.8% as single-family put-in-place advanced 1.4% and multi-family slipped 0.3%; public construction added 0.4% on gains in both residential and nonresidential work. The single-family increase is notable because it runs counter to the same month's softer demand signals -- April new single-family home sales fell 6.2% and single-family starts dropped 9% -- suggesting builders kept dollars flowing into projects already underway even as new activity slowed. Single-family construction is the most lumber-intensive residential category, so put-in-place dollars track wood-products demand more directly than starts alone, giving the demand side a firmer reading than the headline numbers implied.

Factory Activity Firms: ISM Manufacturing Index Hits 54.0 in May, Highest Since 2022, With Input Prices Still Hot

The Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI) rose to 54.0% in May from 52.7% in April, the Institute reported Monday, June 1. It was the fifth straight month of expansion and the highest reading since May 2022, when the index stood at 55.9%. The New Orders Index climbed 2.7 points to 56.8%, extending a run of order growth that began earlier in the year. Price pressure eased slightly but stayed elevated, with the Prices Index at 82.1% versus 84.6% in April -- a signal that input-cost inflation remains a live issue for manufacturers, including wood-products and building-products producers passing tariff and freight costs through their order files. A manufacturing sector at a three-year high supports demand for industrial wood, pallets, and packaging, even as the sticky prices index signals little cost relief.

■ DEEP DIVE: THE 2026 U.S. SAWMILL BUILD-OUT: NEW MILLS, OLD DEFICIT

New Southern Greenfields Coming Online

Even as closures dominate the headlines, a cluster of new mills is set to start up this year, and most sit in the Southern pine belt where fibre is cheap and growing. Two Rivers Lumber Company is finishing a $115 million sawmill in Kellyton, Coosa County, Alabama -- its second Alabama operation after a 2017 startup in Marengo County -- with roughly 130 jobs and a focus on Southern Yellow Pine (SYP) dimensional lumber; Peak North America is leading construction, with the plant expected online in the coming months. In South Carolina, a roughly $10 million sawmill at Galivants Ferry in Horry County is approaching completion and is expected to begin operating around July, adding about 18 jobs and supplying railroad ties, pallet stock, landscape material, and boiler fibre to loggers left stranded after paper- and saw-mill closures in the Georgetown area. The Southern additions are aimed squarely at pine-dependent buyers and at the logging and fibre flows recent closures left without an outlet.

The Pacific Northwest Restart

The West has a restart of its own. Sustainable Green Team, a Florida-based parent, is bringing the former Interfor mills at Forks and Beaver on Washington's Olympic Peninsula back to life after about three years of work; Interfor closed the sites in 2014, taking more than 85 jobs with them. The reopened operation is expected to create roughly 130 jobs in its first year, and the Clallam County Economic Development Council estimates the project could support around 225 jobs in the region once spin-off activity is counted. The mills plan to source Douglas fir and hemlock from local landowners and Washington's Department of Natural Resources (DNR), and to sell lumber plus residual chips and sawdust into pulp and pellet markets. It is a rare piece of capacity growth in coastal Washington, and it leans on the same private-and-state log supply that every Northwest operator competes for.

Why the Build-Out Does Not Close the Gap

Add up the new capacity and the math still does not balance. The greenfields are weighted toward Southern Yellow Pine, while the volume leaving the market is Canadian spruce-pine-fir and BC coastal species -- the Fort St. John sale this week is one more permanent Western exit on top of the interior curtailment wave. Canada still accounts for close to 30% of U.S. softwood supply, and domestic production has not expanded fast enough to replace the imports that duties and tariffs have priced out, which is why supply has stayed tight and CME lumber futures have pushed to a multi-week high even with demand only middling. New board-foot capacity concentrated in the South does little to ease tightness in Western and Canadian species heading into summer.

WHAT YOU MISSED YESTERDAY

Monday, June 1 - equities open June at record highs, oil jumps on Middle East escalation, and a forward energy catalyst looms.

- The S&P 500 rose 0.26% to a record 7,599.96, the Nasdaq Composite added 0.42% to 27,086.81, and the Dow Jones Industrial Average gained 0.09% to 51,078.88 -- all record closes. Technology led, with Nvidia higher on a new chip for personal computers.
- WTI crude jumped about 6% to settle above $92 per barrel after Iran suspended messaging with Washington amid Israel's escalation in Lebanon and signaled it could move to close the Strait of Hormuz; crude eased from an intraday spike after the U.S. said Israel and Hezbollah had agreed to halt attacks. U.S. Energy Information Administration (EIA) on-highway diesel was $5.52 per gallon in the week of May 25.
- The 10-year U.S. Treasury yield held near 4.46%, off the 4.70% high reached May 20. The 30-year fixed mortgage in the Freddie Mac Primary Mortgage Market Survey (PMMS) stood at 6.53% as of May 28.
- Energy traders are watching June 7, when OPEC and allied producers (OPEC+) meet on July output; a preliminary increase of roughly 188,000 barrels per day is on the table.

INDUSTRY & COMPANY NEWS

- **U.S. Department of Commerce** selected Resolute FP Canada and West Fraser Mills as mandatory respondents on May 21 for the eighth administrative review of the antidumping and countervailing duty orders on softwood lumber from Canada. Parties have until Friday, June 5, to withdraw their review requests. The preliminary combined 'all others' rate from the seventh review stands at 24.83%, with final seventh-review results expected between August and October.
- **Japan** imported 1.06 million cubic metres (m3) of softwood lumber in January through April 2026, down 9% from 1.17 million m3 a year earlier, with lower volumes from its main supplying regions, according to trade data released late last month. The decline extends a multi-year contraction in one of the largest value-added export markets for North American producers.
- **Crystal Window & Door Systems** asked North Carolina to terminate the incentives agreement for its planned $83.6 million window and door plant in Selma, in Johnston County, and the state's Economic Investment Committee approved the request this month. The project, announced in May 2024 with 501 jobs, is now shelved; the company cited current market conditions and said it could revisit the investment as conditions evolve.

■ MARKET & RATE SNAPSHOT

INDICATOR	LEVEL	NOTE
CME lumber futures (June 1)	**US$588/mbf**	+2.5% M/M; near highest since April
WTI crude (June 1)	**~$92/bbl**	+6% on Middle East escalation
EIA on-highway diesel (wk May 25)	**$5.52/gal**	National average
10-year Treasury (June 1)	**4.46%**	Off the 4.70% high reached May 20
30-year mortgage, PMMS (May 28)	**6.53%**	+0.02 W/W

■ THE BOTTOM LINE

Three things for your Tuesday. Capacity is leaving and arriving at once: a shuttered British Columbia mill was sold for salvage this week while new Southern mills and an Olympic Peninsula restart prepare to come online, yet the additions skew to Southern pine while the volume being lost is Western and Canadian, so tightness in Western species can persist even as national capacity grows. Demand is holding better than the headlines suggest, with April construction put-in-place up on a 1.4% single-family gain and factory activity at its highest since 2022. The macro picture turned less benign, with oil up roughly 6% on Middle East escalation while mortgage rates held at 6.53%.

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